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SUBJECT: SOUTH AFRICA EXPROPRIATES FIRST FARM

Classified By: Political Counselor Raymond L. Brown. Reasons 1.4(b) and (d).

¶1. (U) The South African government revealed on 8 February that it had expropriated its first farm on 26 January after negotiations with the farm's owner, the Evangelical Lutheran Church of South Africa (ELCSA), ended in a stalemate. The 25,200 hectare farm in the Northern Cape was claimed by 471 local families, including several who still work at the farm, under the Restitution of Land Rights Act. (Note: The Restitution Act seeks to achieve land redistribution by buying farms from white owners and returning them to black owners or communities that have successfully established that their land was taken under racially-discriminatory apartheid or colonial laws. See septels for updates on SAG's four stages of land reform. END NOTE.)

¶2. (U) Thozì Gwanya, Chief Land Claims Commissioner, confirmed that the government deposited 28.4 million rand -- 80 percent of the government's offer of 35.5 million rand -- into the church's bank account. Officially, the church has 60 days from 26 January to convey the title to the community. However, the Land Commission says that it has given the church until March 15 -- a little more than a week short of the 60 days -- to transfer ownership. ELCSA Bishop Johannes Ramashala has described the act as a "negative move," but said that the church would not oppose it.

¶3. (U) Price negotiations for this farm have been ongoing for three years, illustrating both the farmowner's recalcitrance and Land Affairs' sluggish bureaucracy. Rereading newspaper accounts of the case over the past year, at no time did the landowner refute the claimants' assertion that the land was forcefully taken from them. Instead, the church demanded 70 million rand or twice the market value. According to one press report, negotiations eventually stalled not over the final price, but over interest accrued on the state's payment for the land, which was put into a trust account; the State wanted the interest back on the finalization of negotiations but the church disagreed.

¶4. (C) Rogier van den Brink, World Bank Country Economist, told PolOff on 14 February that most of the remaining 8,000 restitution cases are being held up by farmers who are stalling to see if market value increases, who want to be paid for their land's potential potential (i.e. "Imagine if I had a game lodge or citrus farm on my land,") or who do not want to accept restitution at all. According to CEO Petrus Viljoen of AgriLand Projects, a self-described "go between white farmers and government," the vast majority of appraisals have been done by independent evaluators, most of whom are white, because of the lack of qualified appraisers in Land Affairs.

¶4. (C) COMMENT: In contrast to eye-grabbing headlines like "South Africa's First Land Grab" and "Whites Fear

Mugabe-Style Evictions," land restitution in South Africa, unlike Zimbabwe, is strictly governed by law and due process through the independent Land Claims Court. If anything, the SAG has been extra-cautious -- at times paying more than fair market to close a deal -- not to rattle investor nerves, given the chaos that accompanied land "reform" in neighboring Zimbabwe. But there is growing realization that equity in land ownership -- whites, who number ten percent of the population, continue to own between 80-90 percent of land -- within a reasonable time will be impossible without the threat of "strong arm" tactics to dispossess land owners who refuse to negotiate.

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